

HOUSE BILL NO. 184

INTRODUCED BY C. SMITH

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4 A BILL FOR AN ACT ENTITLED: "AN ACT PROVIDING FOR HEALTH CARE TAX RELIEF AND EQUITY;
5 ALLOWING AN INDIVIDUAL INCOME TAX CREDIT FOR CERTAIN HEALTH CARE EXPENSES FOR AN
6 INDIVIDUAL AND FAMILY MEMBERS; PROVIDING THAT HEALTH CARE EXPENSES INCLUDE HEALTH
7 INSURANCE PREMIUM PAYMENTS; PROHIBITING A CREDIT FOR EXPENSES THAT ARE PAID BY AN
8 EMPLOYER AND NOT REPORTED AS INCOME OR ARE OTHERWISE REIMBURSED OR SUBJECT TO
9 OTHER TAX BENEFITS; AND PROVIDING AN IMMEDIATE EFFECTIVE DATE AND A RETROACTIVE
10 APPLICABILITY DATE."

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12 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

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14 NEW SECTION. Section 1. Short title. [Sections 1 and 2] may be cited as the "Health Care Tax Relief
15 and Equity Act".

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17 NEW SECTION. Section 2. Credit for expense of health care for family members. (1)(a) There is
18 a credit against the tax imposed by this chapter for qualified health care expenses paid by an individual for the
19 care of the individual and qualifying family members during the tax year.

20 (b) The amount of the credit is ~~equal to 7% of~~ BASED ON the amount of qualifying health care expenses
21 allowed the claimant and the claimant's qualifying family members ACCORDING TO THE FOLLOWING SCHEDULE:

22 (I) 2.33% IN TAX YEAR 2011;

23 (II) 4.66% IN TAX YEAR 2012; AND

24 (III) 7% IN SUBSEQUENT TAX YEARS.

25 (c) The credit allowed under this section may not be claimed as a carryback or carryforward and may
26 not be refunded if the taxpayer has no tax liability.

27 (d) In the case of a married individual filing a separate return, the amount of the credit is limited to
28 one-half of the amount calculated under subsection (1)(b).

29 (2) A qualifying family member is an individual who is the claimant's spouse or dependent.

30 (3) A qualifying health care expense is an expense that is incurred for medical care, including insurance

1 premium payments FOR INDIVIDUAL COVERAGE, as defined by 26 U.S.C. 213(d), other than an expense that was:

2 (a) reimbursed by insurance or from any other source;

3 (b) paid by an employer and not reported as income; or

4 (c) paid by funds that were subject to a tax benefit under the provisions of:

5 (i) a health care expense trust account under 2-18-1304;

6 (ii) the tax credit for insurance premiums paid by eligible small employers who are individuals under
7 15-30-2368;

8 (iii) a medical care savings account under Title 15, chapter 61; or

9 (iv) any other law that allows an exclusion, deduction, or credit for the qualifying health care expense
10 allowed the claimant.

11 (4) FOR THE PURPOSES OF SUBSECTION (3), "INSURANCE PREMIUM PAYMENTS FOR INDIVIDUAL COVERAGE"
12 MEANS PAYMENTS MADE SOLELY BY THE CLAIMANT FOR HEALTH INSURANCE COVERAGE FOR THE CLAIMANT AND THE
13 CLAIMANT'S QUALIFYING FAMILY MEMBERS FOR INDIVIDUAL POLICIES THAT ARE NOT A PART OF ANY GROUP OR BLANKET
14 POLICY.

15 ~~(4)~~(5) A deduction or credit is not allowed under any other provision of chapter 31 or this chapter with
16 respect to any amount for which a credit is allowed under this section.

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18 NEW SECTION. Section 3. Codification instruction. [Section 2] is intended to be codified as an
19 integral part of Title 15, chapter 30, part 23, and the provisions of Title 15, chapter 30, part 23, apply to [section
20 2].

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22 NEW SECTION. Section 4. Effective date. [This act] is effective on passage and approval.

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24 NEW SECTION. Section 5. Retroactive applicability. [This act] applies retroactively, within the
25 meaning of 1-2-109, to tax years beginning after December 31, 2010.

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